



## Department of Commercialization and Innovation

### High-Tech Investment/Construction Pools

The Department of Commercialization and Innovation (DCI) has been charged with leading the commonwealth's new economy efforts. By building and promoting technology-driven and research-intensive industries, the Cabinet for Economic Development works through DCI to create high-tech job opportunities and develop clusters of technological innovation throughout the state. DCI's mission includes recruiting and retaining high-tech companies that produce jobs, new products and services, and develop new and improved processes. DCI recommends funding on behalf of eligible applicant companies to the Kentucky Economic Development Finance Authority (KEDFA).

In most instances, incentives awarded through DCI are in the form of **forgivable loans**, with the amount of the loan being determined by DCI, primarily based on the applicant company's projected **high-tech job creation**. Forgivable loans recommended by DCI typically range from \$150,000 to \$400,000 depending upon the specifics of the project. The determination of the loan amount to be recommended is at the sole discretion of DCI. Loan forgiveness and/or payback will be based on the company meeting the job and salary requirements as well as maintaining the same for the duration of the maintenance period (typically, three years).

The first step in the consideration process for funding from the High-Tech Pools is the company's submission of a preliminary project assessment (PPA) form (available from DCI) as well as an up-to-date business plan.

### Security

All companies awarded forgivable loans will be required to provide security on the loan. A letter of credit is the preferred form of security; however, DCI may, at its sole discretion, consider other forms of security such as real estate, certificates of deposit, or a lien on new or existing unencumbered equipment (equipment is required at 1.5x the loan amount due to depreciation). While DCI will work with the company to identify appropriate security, there will be no exceptions to the security requirement.

### High-Tech Jobs

High-tech jobs are those which would be considered as:

1. Research and development related;
2. Highly technical in nature; or
3. Upper-level management positions (within a high-tech industry).

Further, the positions to be created must:

1. Pay a salary of at least \$50,000 per year (exclusive of commissions and bonuses); and
2. Be filled by Kentucky residents who pay Kentucky income taxes.

Technical experience and minimum educational requirements, such as post-secondary degrees, will also be factors considered by DCI. Complete job descriptions will be required.



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#### **Eligibility**

As a general rule, a company seeking funding from DCI must fit into one or more of the following five focus areas:

1. Human Health and Development;
2. Information Technology and Communications;
3. Biosciences;
4. Environmental and Energy Technologies;
5. Materials Science and Advanced Manufacturing.

DCI may also consider the following in making a recommendation for funding:

1. The viability of the research and development component (Will a new product or new/improved process result?);
2. The creation of intellectual property and subsequent ownership;
3. The potential for spin-off companies and opportunities;
4. The amount of the committed funding matched from the company and other sources (private, state, federal funds).

#### **Allowable Expenses**

The funds provided by DCI must be used for purposes that help to further the commercialization of a product, process, or other innovation. DCI staff will assist the company with creating a budget for the loan funds.

Examples of common, allowable expenses include:

1. Purchase of specialized equipment;
2. Facility “up-fit”;
3. License and certification expenses;
4. Intellectual property protection;
5. Other expenses as determined by DCI.

Examples of expenses **NOT** allowed:

1. Building construction;
2. Basic office equipment (desks, chairs, etc.);
3. Salaries of those high-tech positions to be created;
4. Other payroll expenses.

For further information contact:

Chad Eames                      or  
[chad.eames@ky.gov](mailto:chad.eames@ky.gov)

Warren Nash  
[warren.nash@ky.gov](mailto:warren.nash@ky.gov)

Kentucky Cabinet for Economic Development  
Department of Commercialization and Innovation  
Old Capitol Annex  
300 West Broadway, Frankfort, Kentucky 40601  
(502) 564-7670